

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country	Armenia	Project Title:	Sustainable Urban Development Investment Program
Lending/Financing Modality:	Multitranchise Financing Facility	Department/ Division:	Central and West Asia Department Urban Development and Water Division

### I. POVERTY ISSUES

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The investment program is consistent with the country operational business plan (COBP) for Armenia, 2008–2010, though it was not included in the COBP. The proposed multitranchise financing facility (MFF) supports COBP outcomes by improving service delivery in municipal infrastructure within the evolving decentralization process and reducing road transport constraints on the economy. The MFF will promote efficient and effective urban transport services with incentives and capacity to improve its quality, reliability, accessibility, affordability, integration, and coverage.

The MFF supports Armenia's national priority to upgrade city infrastructure to improve living standards and make cities more competitive platforms for economic growth. The Poverty Reduction Strategy Paper<sup>a</sup> prioritizes Armenia's development strategy until 2015 with (i) macroeconomic stability and private sector development to promote sustainable economic growth; (ii) prudent monetary and fiscal policies, tax system reform, and improved governance; (iii) human development and improved social safety nets; and (iv) improved infrastructure. The government has adopted a four-pronged strategy to (i) enhance economic growth to reduce poverty through an improved macroeconomic framework, institutional reforms, better business environment, and higher agricultural production; (ii) enhance human development through improved social protection and investment in human capital; (iii) develop infrastructure for transport, roads, water, and energy; and (iv) expand opportunities for employment creation.

The investment program will finance better urban management through physical and other investments, including professionalized utilities, more efficient financing modalities, and investment in new and rehabilitated urban transport.

The program will do the following:

- (i) **Create jobs and employment opportunities.** More than 1,000 full-time jobs are anticipated created during construction and another 500 jobs from the multiplier effect. Women are targeted for 15% of construction jobs.
- (ii) **Improve living standards.** Urban transport improvement, urban renewal, green areas, clean transport solutions, non-motorized transport facilities such as footbridges and bike lanes, and accessibility redesign for existing transport facilities will improve public health and reduce time spent travelling, particularly for women.
- (iii) **Protect the environment.** The environment management plan outlines clear actions for environmental protection during construction, which are in the loan assurances. Awareness campaigns that promote modal shifts will target communities and schools.
- (iv) **Provide skills training.** The project will include training in construction, management, marketing, communication, and public service in collaboration with other stakeholders and through the gender action plan.
- (v) **Support gender inclusion.** Gender benefits are addressed in the gender action plan.

#### B. Poverty Analysis

#### Targeting Classification: General Intervention

**1. Key issues.** Armenia ranks 76th out of 177 countries on the human development index of the United Nations Development Programme. Although growth will need to be more broadly based to achieve targets for reducing income poverty, the policy and institutional environment for achieving the Millennium Development Goals has improved in recent years with higher and more efficient spending in the social sectors. More than 36.5% of residents live below the national poverty line, but only 3.65% live on less than \$1.25 a day.<sup>b</sup> Armenia's poverty rate is quite lower in urban areas. The provision of urban transport services will generate demand for labor, much of it unskilled; provide jobs for the poor; and eventually improve accessibility. In addition, construction is often seen to be as important as promoting economic growth and will have both short-term and long-term positive impacts.

**2. Design features.** The design attempted to reduce land acquisition and resettlement. Project assurances call for employing local labor, especially vulnerable groups and women. The gender action plan outlines strategies for mitigating adverse impacts and promoting benefits such as employment and skills training. The capacity development program will have a public awareness campaign for clean and low-carbon transport solutions.

### II. SOCIAL ANALYSIS AND STRATEGY

#### A. Finding of the Social Analysis

The strategic vision of the project is to promote a sustainable, integrated, socially affordable, and cost-efficient urban transport system. By 2030, the social benefits of urban transport improved by the investment program will ease access to businesses and communities, sustain economic and tourism development, and enable citizens to tap economic and social opportunities. The program will directly benefit over 2.1 million urban residents (64% of the Armenian population) by improving living and economic conditions in Armenian cities. Potential program beneficiaries are the government, Yerevan municipality, residents without cars, students, commuters, road and public transport users, bus and metro companies, and road construction companies. The poor and socially excluded will benefit through (i) better accessibility to the city and other activity centers; (ii) affordable transport alternatives in

the city; (iii) better living conditions and pollution reduction; (iv) the construction and maintenance of road projects, and (v) the development of businesses around the projects upon completion. The major issues are as follows:

**Impacts on health and safety.** The main health issue in urban transport is pollution. Traffic congestion, secondhand cars, an obsolete car fleet, and low-quality gasoline generate 90% of the air pollution in Yerevan. The main air pollutant is carbon dioxide, which is expected to increase by 160% by 2020 from 2008 baseline due to road congestion. Yerevan also experiences high ground ozone concentration, especially in summer, causing photochemical smog. Dust rises from construction and extensive deforestation close to the city. Greater motorization has increased the number of accidents. The number of fatalities increased from 259 in 2004 to 407 in 2008, and the number of injured increased from 1,492 in 2004 to 3,125 in 2008. Road safety is now a main priority of the government.

**Impacts on quality of life.** Major issues are noise, inaccessibility, and a poor environment. Public space is not shared equally, being frequently invaded by illegal parking that obstructs pedestrians, particularly in the city center. Pedestrian zones are rare and badly maintained. Green areas are disappearing and not properly maintained. Noise reduction is limited, as no sound-muffling walls are constructed to minimize traffic noise. No arrangements exist specifically for non-motorized transport such as bicycles or pedestrians, which are often the victims in traffic accidents. The program will focus on urban renewal and promoting and upgrading non-motorized transport facilities.

**Fares and affordability.** Public transport fares are generally low, and public transport is still the main mode for 65% of the population in Yerevan. Subsidies have kept the price affordable, but the development of unregulated microbus services, now carrying 85% of passengers in the city, have changed the deal, as social and concessionary fares are not accepted by microbus operators. Transfers are not favored, as each trip has to be paid for separately, which limits mobility. The investment program will finance the development of an integrated ticketing system. Integrated tariffs and agreed social and concessionary fares should be promoted to guarantee wide mobility for the poor. Tariff and fare reform will be explored, and a household survey will assess sensitivity to increased tariffs in exchange for improved service reliability, comfort, and safety.

**Impacts on employment.** The investment program help reduce poverty by stimulating economic development. It will increase the mobility for 2.2 million people living in Yerevan and secondary cities and generate more than 1,000 jobs during implementation. It is expected to promote tourism and thus socioeconomic development in participating municipalities. Employment targets local unskilled workers, women, and vulnerable groups.

## **B. Consultation and Participation**

1. Consultations were carried out with all stakeholder groups during program preparation and will continue throughout the program. Stakeholder consultations have been held with local residents and civil society in municipalities and affected neighborhoods. Consultations were also held at various levels of government such as with the Ministry of Economy, Ministry of Finance, Ministry of Environment, and Ministry of Culture, as well as with municipality districts governments, universities, and nongovernment organizations. Consultations in the community of development partners were with the World Bank, European Bank for Reconstruction and Development, European Investment Bank, the Millennium Development Corporation, KfW, and the Dutch Fund.

2. What level of consultation and participation (C&P) is envisaged during the Program implementation and monitoring?

☒ Information sharing    ☒ Consultation    ☐ Collaborative decision making    ☐ Empowerment

3. Was a C&P plan prepared? ☐ Yes    ☒ No

Local communities were consulted throughout preparation to minimize adverse impact, ensure social acceptance, and improve equitability. The process will continue during implementation. The views and concerns of all stakeholders will be taken under consideration.

## **C. Gender and Development**

**Gender Mainstreaming Category:** Some gender benefits

**1. Key Issues.** The project will provide equal opportunity for men and women regarding (i) employment in project construction, (ii) stakeholder consultation and participation, and (iii) employment prospects in activity centers. The program will provide substantial benefits to women by improving access to transport services and enhancing their rights and benefits. Recommended measures include capacity building; information campaigns on HIV/AIDS risks; the provision for equal pay, gender awareness and hygiene promotion; and other training that is demanded, as well as improved sex-disaggregated statistics. Women will benefit through increased representation in decision making in sector agencies.

Physical design and operational policies will protect women passengers and employees from threats to their safety and security and other forms of violence against women. Measures may include (i) improved security with highly visible security personnel; (2) good lighting in all transport facilities, including stations, stops, waiting areas, toilets, and interchanges; (3) Information on what to do and where to complain in case of violations to personal safety; and, if applicable, (4) seat assignment in metro trains and minibuses with priority for women.

These protective measures will contribute to making urban transport reliable and on making the city more attractive to

tourists. They will contribute to the fulfilling the gender-equality provisions of Millennium Development Goal 3 and the Convention Against All Forms of Discrimination Against Women, to which Armenia is a party.<sup>c</sup>

**2. Key Actions.** Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

☒ Gender plan    ☐ Other actions/measures    ☐ No action/measure

Project assurances prioritize females for employment and skills training. A 15% target has been set for the project's female employment of women and the poor during construction phase and for related training. At least 15% of participants in public meetings on project interventions, in consultative workshops, and in activities regarding issues, training methods, outreach, materials, and monitoring are females.

### III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Significant/ Limited / No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
<b>Involuntary Resettlement</b>	Limited impact	Two projects require land acquisition and involuntary resettlement. A land acquisition and resettlement framework was prepared, and land acquisition and resettlement plans are finalized. The framework applies to all subsequent tranches. Appraisal of other periodic financing requests will require the preparation of resettlement plans when projects require land acquisition and settlement.	<input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Environmental and social impact matrix <input type="checkbox"/> No action
<b>Indigenous Peoples</b>	No impact	ADB's Policy on Indigenous Peoples (1998) is not triggered by the program. Tribal communities existing outside the cultural and legal mainstream are not present in project areas. Religious minorities are present but are not expected to suffer negative impacted.	<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input checked="" type="checkbox"/> No action
<b>Labor</b> <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	No impact	Civil works contracts will adhere to applicable labor laws and regulations. Loan assurances will include provisions against differential payment of men and women for work of equal value and against child labor. The program will create jobs, and core labor standards will be addressed. Adequate health and safety measures will be monitored during construction.	<input type="checkbox"/> Plan <input type="checkbox"/> Other action <input checked="" type="checkbox"/> No action
<b>Affordability</b>	No impact	The improved and extended public transport network will improve travel to the city center for low-income people and students. No tolls will be collected on project roads. The investment program will promote integrated tariffs, with the microbus network accepting social and concessionary fares and allowing free transfers.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No action

### IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation? ☒ Yes    ☐ No    If no, please explain why.

<sup>a</sup> International Monetary Fund. 2008. *Republic of Armenia: Second Poverty Reduction Strategy Paper*. Washington D.C.

<sup>b</sup> United Nations Development Program. 2010. *International Human Development Indicators Report*. New York.

<sup>c</sup> Article 5 of the convention states: "Parties shall take all appropriate measures: (a) to modify the social and cultural patterns of conduct of men and women (b) to ensure that family education includes a proper understanding of maternity as a social function and the recognition of the common responsibility of men and women in the upbringing and development of their children.